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## **Stuck between the theoretical market economy and the actual mixed economy**

*how do five American political science textbooks deal with the economic dimension?*

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**An analysis by an economist**

**Poul Thøis Madsen**

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**Stuck between the theoretical market economy and the actual  
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An analysis by an economist<sup>1</sup>**

*Poul Thøis Madsen*

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<sup>1</sup> The empirical evidence was first published in a Danish political science journal (Madsen, 2008). The empirical analysis in this article was finalised before the release of more recent versions of Grigsby (2005) and Danziger (2007) and possibly other textbooks during the reviewing process for this article. This article has been written over a long period of time, and numerous people within the CCWS, Department of Economics, Politics and Public Administration at Aalborg University have provided comments on earlier versions. In particular, I would like to thank Professor Jørgen Goul Andersen and elite student Martin B. Carstensen.



## Abstract

*Politics and economics interact. Therefore the understanding of the economic dimension has implications for political science's self-understanding. But we know very little about how political scientists deal with the economic dimension in their general research and teaching. Are they merely customers of mainstream economics or do they strive for a cross-disciplinary approach? Neither or. A analysis of five American political science textbooks leads to the identification of two kinds of concurrent 'economies' within the same books as a function of two very different interactions between politics and economics: The first is a theoretically conceived market economy in which market forces independently drive growth and create equilibrium, where politics has a rather secluded role. The second is the actually existing mixed economy, characterized by increased inequality, economic concentration, power, and environmental problems, influenced by a state forced to regulate. The problems with this dichotomy - and possible solutions to it - are being explored in the article.*

Politics and economics interact. Consequently, political scientists must often relate directly or indirectly to the economic dimension – in research as well as in teaching. But how do they deal with the economy? This is the main research question addressed in this article. It is an important question, as the economy and perception hereof have a decisive impact on the understanding of politics as well as the conducted policy.

The choice of economic theory heavily influences the perception of the economy. Political scientists generally assume – and this assumption is also backed by the present study – that their understanding of the economic dimension is primarily based on so-called neoclassical theory. The following quote also indicates this to be a general perception among political scientists: “‘neoclassical economics’ of professional economists have dominated...also in the general field of IPE and indeed in other areas of political and social science” (Jackson and Sørensen, 2003, p. 220).

This raises a number of questions which we will address in the following: What is neoclassical economic theory? (How) is it possible to demonstrate neoclassical dominance? To what extent does political science relate to non-neoclassical economic theories? What kind of impact does a neoclassical perception of the economic dimension have on the perception of policy?

In order to investigate these issues, we have analysed the treatment of the economic dimension in five American political science textbooks (indicated by [1-5] in the literature list). First, the question of previous studies is dealt with. Secondly, the choice of the five political science textbooks as the empirical point of departure is accounted for.

Next, a conceptual clarification is presented. Fourth, the method is presented. The results are developed in the main section. Finally, the understanding of the economic dimension in the textbooks is discussed critically, the discussion revolving around how a more complex and comprehensive understanding might contribute to a more nuanced understanding of the political sphere.

### **Previous research on the relationship between political science and economics**

Intensive research and consultation with leading Danish political scientists has failed to uncover any previous research into this area.<sup>1</sup> To our knowledge, the best shot is a relatively recent article by Iversen and Soskice (2006). Apparently, they discuss very similar issues, as they claim to provide an overview of how macroeconomic theory has been applied in political science in the last 40 years (Iversen and Soskice, p. 425). This is more than a slight exaggeration, as the article focuses on two highly specialised and narrow topics within political (and economic) science: political business cycles and the debate on the independence of central banks. To illustrate the narrowness, the latter debate is only mentioned in one (!) of the five textbooks (Shively, 2005, pp. 113-116).

It must be emphasised that the more common debate concerning the influence of economics on political science (as surveyed in Miller, 1997) opens up a completely different perspective. The present article focuses on how political scientists relate to economic theory when dealing with the economic dimension, and we end up emphasising a very different point from that of Miller: in political science textbooks, economic theory and political science tend to live separate lives with surprisingly limited mutual adaptation.

### **Why five American textbooks?**

It is well known that a number of political scientists directly and indirectly analyse the relationship between economics and politics; in this process, they draw on economic theory. Lindblom (2007) and Downs (1996) offer two classical but very different works in this respect. The focus in this article is on the use of economic theory in political science in general, i.e. how do political scientists generally treat the economic dimension when conducting pure political science? Does this activity e.g. lead to an exclusion of the economy and economic theory? Analysing the possible implicit economic perspective which political scientists employ tells us more about how political scientists and political science in general conceive the economy and economic theory than would an analysis of the work of specialists (as in Iversen and Soskice, 2006). To ensure that the empirical material has

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<sup>1</sup> The most congenial article is dealing with the opposite question: How and why economic theory has 'freed' itself from the political dimension (Chavagneux 2001). Historically, economics and political science have a common offspring in political economy (Smith, Ricardo, and Marx).

some degree of homogeneity while at the same time limiting the workload and preserving some of the scope characterising political science, American textbooks have been chosen as the primary object of study.

We have managed to single out five general introductions which are all being published in newly edited versions.<sup>2 3</sup> They cover central areas within political science such as political sociology, political theory, comparative politics, political analysis, international relations and political economy, the latter to a more limited degree. Political economy is only introduced in Danziger (pp. 209-236), Shively (pp. 97-128) and Roskin et al. (pp. 338-358) and in very different interpretations.

These five textbooks share a number of features rendering it relevant to investigate their conceptualisation of the economic dimension: a. Taken as a whole, they represent a dominant tradition within political science: the American tradition. b. Though not necessarily the state of the art, it is generally assumed in most disciplines that textbooks represent a consensus view on what constitutes the discipline. A similarity concerning the conceptualisation of the economic dimension in the five textbooks would indicate that a similar understanding is also to be found within political science research in general (several of the textbooks are written by prominent researchers, and some of the authors do make use of their own research in the textbooks when relevant<sup>4</sup>). Seemingly narrow results – derived as they are from an analysis of textbooks – will, we would argue, tell us something about political science in general.<sup>5</sup> c. The textbooks constitute an empirical field in its own right, which can be used as a rather ideal testing ground. Hence, the field has a character that renders possible not only testing the dominance of neoclassical theory but also the identification of the more specific character of this dominance and possible implications thereof.

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<sup>2</sup> The five books have been identified through the local library and amazon.com. Other textbooks have either been very short versions or Canadian introductions, which to our surprise were very different from American textbooks. English introductions fall into another tradition – that of political analysis. Furthermore, two American textbooks – being very similar to the five selected – have been analysed and later dropped: Ranney (1993) – formerly a popular textbook – is no longer being re-edited, and Jacobsohn (1998) was only published once.

<sup>3</sup> Textbooks within the English *policy analysis* tradition are kept outside the scope of analysis. Within this tradition, the economic dimension is taken more seriously than in the US textbooks, and one can find examples of use of non-neoclassical economic theory (like Parsons 1995). However, this tradition does not have the same impact as the dominant American version of political science.

<sup>4</sup> E.g. Shively, p. 184, p. 240 and p. 255.

<sup>5</sup> The relationship between textbooks and research is a research issue in its own right and involves a series of interesting questions such as: How are they linked? Which parts of research are dealt with in textbooks and which not? And why?



### **A conceptual clarification: What is neoclassical theory?**

Important elements of neoclassical theory and heterodox views are illustrated in Table 2 below.<sup>6</sup> The thrust of neoclassical theory is a belief in the functioning of the invisible hand of Adam Smith, i.e. the notion of self-regulating markets. According to Smith's theory, markets left to themselves and characterised by completely flexible prices and wages will automatically lead to an equilibrium and efficient use of all resources in all markets for goods, services, capital and labour. The explanation is simple and well-known: An excess supply of a good or a production factor will lead to a downward pressure on its price. The lower price is supposed to trigger a corresponding increase in demand. These kinds of market adjustment processes will continue until the excess supply has been sold and an equilibrium between supply and demand established. In this imagined world, economic policies such as fiscal or monetary policy are essentially superfluous. This line of thought is very old and, in its essence, has survived to this day within much of economic theory. This is why many authors stick to the historical concept 'neoclassical' when characterising influential theories which on paper are much more recent, such as new classical theory (Robert Lucas) or new Keynesian theory. In new Keynesian theory as well as most modern economic textbooks, markets are obviously not described as completely self-regulating (readers are introduced to important modifications such as market failure and externalities, and wages and prices might not be all that flexible in real life); however, as economic textbooks and four of the five political science textbooks share the view that real markets are somewhat self-regulating, we shall use the 'neoclassical' concept to characterise the dominant theoretical understanding of the economy.

However, the concept of neoclassical theory is slippery. When explicitly used in the five textbooks, one is presented with a bit of a caricature overemphasising the self-regulatory forces as compared to the treatment in standard economics textbooks. This is partly so for pedagogical reasons, as the theory is used to explain ideologies and ideals, but it also reflects an important result and ambiguity: the authors share an uncertainty which also marks economics: Just how self-regulatory are markets in real life, e.g. during the present financial crisis?

### **The method: How to analyse the economic dimension in political science textbooks?**

Uncovering the economic dimension in the five textbooks has required an explorative reading and analysis. The economic dimension has gradually been distilled by expanding the definition of this dimension and adequate methods have been developed little by little. This

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<sup>6</sup> Alternative economic theory is also referred to as heterodox economics. It involves theories such as post-Keynesian theory, institutional economics, evolutionary economics, Marxist economics, Austrian economics, innovation theory etc. In contrast, neoclassical economics is often called orthodox or mainstream economics.

has led to the compilation of some 54 pages (26,600 words) summarising what could be called ‘economically oriented content’. The research process has involved the discarding of different methods and results.<sup>7</sup>

The method has mainly been inductive but based on one very general underlying assumption (or in less scientific terms: hunch): that neoclassical theory would be visible in the textbooks in some form. In other words, neoclassical theory has been used as an inroad – or eye-opener – into the economic dimension of the textbooks. The first results of the research did, however, demonstrate a very limited, explicit use of neoclassical theory. This left us with two options: either conclude that the economic dimension was almost invisible in the textbooks or do as we did, i.e. expand the concept of economic dimension to also include an analysis of the:

- implicit description and use of neoclassical theory
- economic works that the texts refer to; and
- broader economic and economic-political debates being introduced

The texts have also been analysed in order to identify the possible use of economic theoretical alternatives to neoclassical theory; contrary to our expectations, however, none were to be found.

Finally, to characterise and ‘measure’ the understanding of the economic dimension, elements of this understanding will be compared to a standard economic textbook treatment. This raises and attempts to answer the following question: Do political scientists think like typical mainstream economists in their textbooks or do they differ? And if they differ, then how so?

### Neoclassical theory in the five textbooks

The use of neoclassical theory has been analysed in the following for each of the five sources. The results of this analysis are condensed in Table 1.

**Table 1: The relation of the textbooks to neoclassical theory**

Use neoclassical theory to:	Danziger	Grigsby	Riemer	Roskin	Shively
- characterise phenomena	X	X	X	X	X
- discuss phenomena	X			(X)	X
- problematise phenomena	(X)		(X)	(X)	
- characterise economic causalities	X		(X)	X	X
- deliver economic concepts	(X)				X
- criticise neoclassical theory	X	X		(X)	(X)

(X) indicates few isolated incidents or indirect use.

<sup>7</sup> To give but one example: Encompassing analyses of economic entries have been made. This work has not been used in the present article.

Concepts and ideas from economic theory are mainly used to describe a phenomenon such as liberalism as an economic ideology – rather than being discussed or criticised. Somewhat surprisingly, the nexus of economic theory – causalities between variables – is only used in three of the five texts. More often than not, economic situations or phenomena are merely mentioned or described ('high unemployment') without dwelling on the causes of e.g. high unemployment.

In the following, we go into detail with each of the texts in alphabetic order. The emphasis is on the Danziger and Shively textbooks for the simple reason that they devote the economic dimension and neoclassical theory relatively more attention in qualitative as well as quantitative terms.

**Danziger, J. (2007) *Understanding the Political World. A Comparative Introduction to Political Science***

Danziger (pp. 210-214; pp. 219-222) is the only author to provide an actual introduction to basic neoclassical theory. This untraditional approach for a political science textbook is explained in the following manner: "...the political system and the economic system are inextricably entwined. Understanding political economy requires a grasp of some basic economic concepts" (p. 210).

His point is that any society has a political and an economic dimension, which in combination constitute a 'political economy'. He draws a distinction between three different political economies: a market economy, planned economy and mixed economy (p. 209). The first two are explicitly – in the spirit of Weber - characterised as ideal types (p. 225).<sup>8</sup> Implicitly, it is understood that the market economy is (best) described by neoclassical theory. When the market economy is discussed, central concepts from neoclassical theory such as 'maximise', 'equilibrium', 'the invisible hand' and 'opportunity costs' are being used (p. 219-22).

Ideal types relate to the real world in the following manner: 'first, no country has a political economy that corresponds exactly to either the market economy or the command economy. Since these are ideal types, this fact is not surprising...all actual political economies are mixed' (p. 228). Neoclassical theory is of relevance, as the prices in a mixed economy prices will also be determined by supply and demand.<sup>9</sup>

Danziger also applies neoclassical theory as part of his general arguments. First, he implicitly uses the theory to characterise a phenomenon such as globalisation (pp. 314-18). Secondly, he relates to central, economically oriented debates such as the apparent fact that globalisation undermines the national control of the economy (p. 371) and when dis-

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<sup>8</sup> This should probably be interpreted as if they do not exist in their purest form.

<sup>9</sup> 'The value of most goods is established, as in a market economy, through the processes of supply and demand' (p. 226).

cussing the costs and benefits of free trade (pp. 301-02). Thirdly, he criticises some of the possible implications of neoclassical theory by emphasising the negative consequences of a (too) liberal market economy (p. 224). More specifically, he notes some of the negative consequences of globalisation (pp. 317-18, p. 371), the unequal distribution in USA (p. 375), and the concentration of (too much) power in multinational firms due to an unregulated global market economy (pp. 305-07).

**Grigsby, E. (2005) *Analyzing Politics. An Introduction to Political Science***

This is the least economically oriented of the five texts, as neoclassical theory and other aspects of the economic dimension are almost invisible. Nevertheless, it is possible to identify one instance in which neoclassical theory becomes quite conspicuous: in the presentation of classical liberalism (p.95). It is described how the focus within this 'ism' is on exchange and rational self-interest. Grigsby has a certain ironic distance to the underlying neoclassical theory ('because individuals are so very rational' (p. 95), and the theory launched by Adam Smith 'justified' (p. 95) the actually existing capitalism at that time).

Neoclassical theory is implicitly criticised in three different contexts: in the presentation of Burke and conservatism (pp. 101-104), where it is duly noted that Burke questions the assumption of rationality; in the section on Marxism in relation to the general critique of the 'bourgeois economy' (i.e. neoclassical theory) (pp. 110-115); and when presenting 'environmentalism', Grigsby notes the one-sided emphasis on 'economic values' when 'calculating the worth of natural resources' (p. 145).

**Riemer, N. et al. (2006) *The Challenge of Politics. An Introduction to Political Science***

Similarly to Grigsby, the discussion of neoclassical theory is part and parcel of the presentation of (economic) liberalism; however, Riemer et al. also implicitly apply concepts and implicit assumptions from neoclassical theory to describe the functioning of the actual economic system in the USA. This is apparent in the following quote: 'Moreover, private ownership of the means of production and exchange, a market economy, economic competition, free trade, and consumer sovereignty in the marketplace still command widespread popular support in the United States' (p. 156). The invisible state and emphasis on free trade and the oft-debated consumer sovereignty indicate an underlying neoclassical theory (and/or ideology) rather than actual reality.

We are not told about any underlying theory; instead, we are told that if these hallmarks were turned into actual policy, they would lead to 'short-run payoff rather than long-run development' (p. 409). This critical point is modified in another quote: '...we cannot deny that modern democracy emerged and grew up alongside the economic system of capitalism' (p. 156). Riemer et al. also implicitly draw upon neoclassical theory with a

reference to the ‘illiberal capitalism’ of Brazil (p. 413-415). Furthermore, they refer to one well-known and central neoclassical causality (‘Excessive deficits penalize future generations’, p. 320<sup>10</sup>). Finally, Riemer et al. oppose the notion of self-regulating markets by being very positive towards full-blown state intervention: ‘Capitalists have, often reluctantly, but sometimes in their own self-interest, accepted economic reforms designed to satisfy not just the interests of workers but also the interests of small business owners, farmers, and consumers in general’ (p. 232).

### **Roskin, M.G. et al. (2007) *Political Science. An Introduction***

As could be observed in Table 1, Roskin et al. make use of neoclassical theory in numerous ways. It is most outspoken during the presentation of different ‘-isms’ and when some of the more common economic causalities are applied. One example of a causality is that fiscal policy might stimulate economic activity (p. 339), but this could also have a ‘crowding out’ effect (when fiscal deficits stemming from expansive fiscal policy are assumed to ‘crowd out’ part of the initial positive growth effect by indirect countervailing effects such as increased inflation and higher interest rates). As in most economics textbooks, crowding-out is stated as a fact rather than what it is: a controversial point among economists (especially in relation to the supposed higher interest rate). Neoclassical theory is, however, also being criticised for assuming excessive rationality (p. 98) and exaggerated faith in the self-regulatory forces of the market (e.g. p. 100).

### **Shively, W.P. (2005) *Power & Choice. An Introduction to Political Science***

Shively’s textbook integrates neoclassical theory in the general argument more than any of the other textbooks. Firstly, this can be observed by an explicit and frequent use of neoclassical concepts such as ‘public goods’ (pp. 47-49), ‘free rider’ (p. 48), (economic) ‘rent’, ‘rent-seeking’ (pp. 102-03), ‘negative’ and ‘positive externalities’ (pp. 143-44). Secondly, it is the only text that relates *in extenso* to topical mainstream economic debates such as the debate on the independence of central banks. And thirdly, Shively has far and away the most developed use of economic causalities as part of the argument. At least 10 fully developed economic causalities could be observed such as the complicated discussion of the economic consequences of the liberalisation of the capital markets nationally and hence also globally (pp. 61-63). The causes of and consequences stemming from inflation are also discussed (pp. 107-08).

As Shively relies extensively on neoclassical theory, one should not expect him to deliver a developed and explicit criticism of this theory. Somewhat surprisingly, however,

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<sup>10</sup> It might sound obvious rather than neoclassical, but such a statement neglects the reasons for the deficit which might be e.g. the financing of long-term public investments.

he does relate to central economic issues in a manner one would rather expect from a full-blown heterodox economist. This becomes evident in the following, very brief summary of a number of conspicuous statements:

- Economists do not relate to actual markets but to general supply and demand theories (p. 13).
- Decisions made by the private market might exacerbate inequality (p. 102).
- Private investments might be politically undesirable (p. 102).
- Interventionist states as Southern Korea demonstrate very high growth rates (p. 104-107).
- An inflation rate of up to 5% is considered responsible (p. 108) (mainstream economists prefer an inflation rate around 2%, and 5% would be seen as irresponsible – at least before the 2008 financial crisis).
- An economy would normally have a level of unemployment greater than the ‘minimum base’ (p. 108-09). Economics textbooks have an implicit tendency to regard full employment as the rule rather than the exception.
- Those in a society with a relatively high income tend to use their power to protect their interests (p. 113). Income distribution and economic power – besides market power – are generally ignored in economics textbooks.
- Low inflation might pave the road for the independence of central banks rather than the other way round, as otherwise conventionally assumed (p. 114).<sup>11</sup>
- By letting the market solve political problems, those possessing the means rather than the needs will acquire the goods and services (p. 145).
- It is difficult for politicians to decide when to apply market solutions or political solutions (p. 144). Mainstream economic textbooks would often – explicitly and implicitly – prefer market solutions.

In summary, then: in the criticism of neoclassical theory expressed directly and indirectly in the five textbooks, it could be observed that: 1) the notion of rational economic man is questioned. 2) Economic theory is criticised for not relating to real markets, but rather to theoretical ideal types. 3) The five textbooks are generally more sceptical towards the self-regulatory forces of an unregulated market economy than corresponding economic textbooks. This is an implicit criticism of neoclassical theory for not devoting sufficient attention to these issues.

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<sup>11</sup> Shively ends up accepting the reverse mainstream causality because it is probably the most ‘compelling’ (p. 116); but merely mentioning the possible opposite causality would normally be considered to be ‘heterodox’.

## Analysis of references to works by economists<sup>12</sup>

Danziger alone refers to economics textbooks (three), but all of the texts do refer to works authored by economists on economic and economic-political subjects – of which around half are debate books of a more popular character. The rest is economic scholarly literature. In total, one can find 35 references to 31 works.<sup>13</sup> Danziger refers to nine such sources out of a total of 392 references, corresponding to as little as 2.3%.

We have classified the 31 references according to their economic paradigmatic orientation. The classification has been organised using certain markers identified inductively from the texts but based on a pre-understanding of the economic paradigm at hand. The critical markers are listed and described in Table 2. The table should be read as a continuum extending from left to right. Some free market Keynesians lean more towards neo-classical perceptions, while other economists within this paradigm would regard capitalism as almost as unstable as perceived by economists outside of the mainstream.

**Table 2: Markers indicating the economic paradigm of economic works referred to in the texts**

	Neoclassical theory	Free market Keynesians	Alternative economic theory
Paradigm	<ul style="list-style-type: none"> <li>- Capitalism is basically seen as stable and tending towards equilibrium</li> <li>- Methodological individualism, rationalism and emphasis on economic inducements</li> <li>- Markets are the dominant driving force</li> </ul>	<ul style="list-style-type: none"> <li>- Capitalism is basically unstable but has some self-regulating forces, but too limited to solve fundamental economic problems</li> <li>- Emphasis on the macro-level and on a certain distance to neoclassical theory</li> <li>- Market and state are of equal importance</li> </ul>	<ul style="list-style-type: none"> <li>- Capitalism is basically unstable, no self-regulatory forces of importance and a need for state regulation to limit self-destructive tendencies</li> <li>- Emphasis on the macro-level and institutional characteristics and on a very critical distance towards neoclassical theory</li> <li>- The state is the most important institution; the market is secondary</li> </ul>
Goals	<ul style="list-style-type: none"> <li>- Low inflation</li> <li>- Increased equality is not an end in itself</li> </ul>	<ul style="list-style-type: none"> <li>- Low level of unemployment and low inflation are of equal importance</li> <li>- Increased equality is an independent goal, but major inequalities are acceptable</li> </ul>	<ul style="list-style-type: none"> <li>- Low level of unemployment more important than low inflation</li> <li>- Increased equality is an independent goal – inequality should be limited</li> </ul>
Politics	<ul style="list-style-type: none"> <li>- In favour of central bank independence</li> <li>- Sceptical towards an active fiscal policy</li> <li>- Against the Tobin tax</li> <li>- In favour of shock-therapy</li> <li>- Against devaluations</li> </ul>	<ul style="list-style-type: none"> <li>- Conditionally in favour of central bank independence</li> <li>- In favour of an active fiscal policy</li> <li>- In favour of a Tobin tax</li> <li>- In favour of/against shock therapy</li> <li>- Not against devaluations</li> </ul>	<ul style="list-style-type: none"> <li>- Against central bank independence</li> <li>- An active fiscal policy is not enough</li> <li>- In favour of a Tobin tax</li> <li>- Against shock therapy</li> <li>- Not against devaluations</li> </ul>

<sup>12</sup> A list of these publications has been shown to Danish referees (Madsen, 2008) and could be delivered on request. Very brief summaries motivating the paradigmatic orientation of the works partly written in Danish could also be delivered on request.

<sup>13</sup> Among the 35 works, four recurred, including Adam Smith's *The Wealth of Nations*.

18 of 35 references<sup>14</sup> are to well-known, mainstream economists such as Adam Smith (1974), John Stuart Mill<sup>15</sup>, Milton Friedman (1981), Mancur Olson (1965, 1982, 2000), Alberto Alesina (1995), Jagdish Bhagwati (2004), William Baumol (a general reference to his works) and Steven Levitt (2005).

The remaining 17 sources represent two different groups. The first group makes up for 13 references being outside of the mainstream. The most well-known of the authors have actually had brilliant careers within the mainstream, while at the same time publishing popular works in complete or partial opposition to the mainstream. This group is referred to in Table 1 as free market Keynesians.<sup>16</sup> This group includes renowned economists such as Joseph Stiglitz (2002), Paul Krugman (2004), Robert Reich (1993, 2004), Jeffrey Sachs (2005), Lester Thurow (1997, 2003) and John Maynard Keynes (1936). Their hallmark has been a critical stance towards neoliberal policy conclusions derived on the basis of economic theory. Nevertheless, they stick to the idea that the theory of supply and demand (the model of perfect competition) delivers an adequate description of the functioning of actual markets to some extent.

The second group is definitely outside the mainstream. They are represented by four more scholarly works written in direct opposition to neoclassical thinking. The authors are the late John Kenneth Galbraith (1996), his son James Galbraith (1998), and the late Robert Heilbroner (1991, 1994).

All five textbooks refer to works outside of the mainstream, and four of them refer to one or two works written by authors definitely outside the mainstream. Three of the textbooks are dominated by references to works within the mainstream. There are no recurrent works referred to in all of the textbooks. This offers yet another illustration of the ad hoc approach to the economic dimension.

Nonetheless, it should be added that if one applies a broader understanding of the economic dimension, the number of references increases to at least 325. Most of these texts are placed somewhere in the cross-field between politics and economics, and some of the texts are undoubtedly inspired by neoclassical theory (this has not been investigated). The main point, however, is that if the economic dimension is more broadly defined, it takes up more place than a first glance would tell us and more place than we expected beforehand.

### **Economic political debates or topics**

Operating with an even broader definition of the economic dimension, where the requirement is that at least an economic entity such as growth must be part of the argument, one

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<sup>14</sup> Two works were sorted out in this process, because a reading disclosed that they were not really economic.

<sup>15</sup> Especially the work by Smith has a much wider scope, but the textbooks – economic as well as the five texts – tend to treat Smith as being neoclassical.

<sup>16</sup> Krugman applies this concept about James Tobin – a very well-known American Keynesian economist – in an obituary in New York Times, 12.3.2002.



finds a lot of economics in the five texts. No less than 58 different economic-political debates/topics are discussed; or at least described and not merely mentioned. Of these 58 debates, seven are repeated in at least three of the five textbooks (cf. Table 3). The most central and recurrent of these debates is the debate addressing the role that the state ought to or actually does play in the economy.

**Table 3: The dominant economic-political debates treated in the five textbooks**

<b>Economic-political debates</b>	<b>Danziger</b>	<b>Grigsby</b>	<b>Riemer</b>	<b>Roskin</b>	<b>Shively</b>
On classical liberalism	X	X	X	X	X
The role of the state in the economy/ arguments for/against state intervention	X	X	X	X	X
The causality between democracy and capitalism (and between political and economic development and why still more democracies?)	X		X	X	X
Economic explanations of revolution	X		X	X	
On the impossibility of separating politics and economics	X		X		X
On the power and economic importance of multinationals	X	X	X		
On the planned economy and the change into a market economy	X	X		X	

Of the remaining 51 debates, 18 are treated in two of the texts, while 33 debates/topics are only dealt with in one of the textbooks.<sup>17</sup> As also observed in Table 3, the debates are very broad. A closer reading of the 58 debates tells the reader that they do not have much theoretical support – neither neoclassical nor alternative economic or political theory. Consequently, these debates tend to become very superficial, merely common sense, and partly reflect the opinions of the authors rather than relying on substantive arguments.

### **Is the understanding of the economic dimension a problem?**

Based on the analysis above and a general reading of the five textbooks, it is possible to identify a number of different problems in the treatment of the economic dimension. Four problems appear to be the most prominent. The overarching problem is a dilemma: What kind of economy are politicians supposed to regulate? Is it the imagined market economy, which you also find to some degree in economics textbooks, in which market forces inde-

<sup>17</sup> A review of the 51 debates in Danish could be mailed on request.

pendently drive growth and equilibrate disequilibria and where politics play a rather limited role? Or is it rather the actually existing mixed economy which also appears in the five textbooks characterised by the increased inequality, economic concentration of power and environmental problems related to economic activity etc. and already heavily regulated by a state that has been forced to currently modify and regulate such problems in order to make the economy work at all? That both types of ‘economy’ or ‘capitalism’ are to be found in the textbooks reflects that political scientists do not know what to make of the supposed self-regulatory forces of the market in real life. This ought to be a crucial point for a political science textbook, because it has implications for the role the state could – and more normatively ought to and actually does – play in the economy.

Secondly, the presentation and implicit understanding of the neoclassical paradigm is very simplistic. It disregards that most mainstream textbooks assert that *real* markets are mainly oligopolistic and that prices are set by firms (‘administered’) and not by anonymous forces of supply and demand (cf. a neo-Keynesian textbook such as Lipsey and Chrystal 2007, p. 53, but also see a more neoclassical-oriented textbook such as Baumol and Blinder, 2006, p. 193). Applying a theoretical perspective of non-competitive markets would render it possible to conceptualise the need for a rigorous competition policy countering the tendency mentioned in most of the textbooks to the concentration of economic power in e.g. multinationals.

Thirdly, central economic causalities tend to be presented as being factual, which is a logical consequence of the reliance on mainstream textbook economics. But the economy is not governed by natural laws; instead, it shares much of the uncertainty and undetermined nature characterising the political sphere. Very few economic causalities are certain and undisputed empirically and theoretically.

Fourthly, one can identify at least three obvious and central *political* aspects related to the economic dimension which are given very limited – if any – treatment in the five texts. Firstly, the notion that economic ideas have an important political impact is not really discussed, even though they influence the economic policies proposed by politicians and economic experts. This neglect is slightly surprising. A researcher such as Hall (1993) introduced this theme to political science long ago. Powerful actors will often attempt to implement policies intended at making the actual mixed economy shift closer to the working of the theoretical market economy (e.g. make the labour market more flexible). Dominant economic ideas also have a decisive impact on what is considered to be an area requiring political action (e.g. the financial crisis) and what not (e.g. increasing inequality within and between countries). The second aspect is economic policy – from macroeconomic governance to competition policy. As economic policy is a policy in its own right, it seems self-evident that it would also be treated as such in a political science textbook. But this does not occur. Thirdly, when the books discuss economic policies, they are treated as something purely economic – rather than like any other policy having a political dynamic

of its own. We would rather suggest political science to politicise the economy rather than to reduce it to apolitical ‘markets’.

### **Conclusion: What could be said about the economic dimension in the five textbooks?**

“Every political scientist should be to some degree an economist” (Roskin et al. 2007, 339)

American political science textbooks have a mostly hidden – but surprisingly developed – economic dimension. However, the theoretical understanding of this dimension is underdeveloped and very narrow, dominated as it by neoclassical theory (textbook economics). This is often assumed to characterise political scientists ‘doing’ economics, but it is documented here for the first time. Of greater news value, however, is the identification of three ways in which political scientists use neoclassical theory:

- as a description of and point of reference for how a market economy ideally works;
- as a description of some basis principles in classical liberalism and/or libertarianism; and
- as a target for criticism.

Another important result is that it is possible to distinguish between three criticisms of mainstream economics: 1) the assumption of rational economic man is questioned. 2) It is emphasised that neoclassical theory relates to ideal types – not to actual markets. 3) But the dominant and pervasive implicit criticism of mainstream understanding of the economy is the attention given to a number of problems in the interface between economics and politics not given much emphasis in economic textbooks – which the authors of political science textbooks think must be addressed if unemployment, unequal income distribution, power concentration and pollution are to be counteracted.

However, none of the textbooks ultimately conclude that it is necessary to apply economic theory from outside the narrow universe of economic textbooks to cope with these interdisciplinary problems.<sup>18</sup> This is slightly puzzling, as alternative economic theoretical elements ontologically and epistemologically are closer to the aspects of political science that do not rely on the assumption of rationality. This is even more puzzling seen in the light that the authors have actually read works written by economists outside mainstream but possibly without fully realising that these works rely on a non-neoclassical eco-

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<sup>18</sup> We hereby abstract from the presentation of Marx and Marxism in the texts, as they do not emphasise Marx and Marxism as a contributor to economic theory.

conomic paradigm. Half of the economic works referred to by the textbooks are written by authors disagreeing with basic tenets of neoclassical theory.

If the definition of the ‘economic dimension’ is expanded to include economic-political debate, one finds far more works as well as much more ‘economy’ than in neoclassical theory. It becomes possible to identify nine times as many political-economic works as compared to ‘pure’ economic works. Furthermore, 58 different economic-political debates have been registered, seven of which are presented in at least three of the textbooks. None of these debates could be called ‘neoclassical’ in any meaningful sense; rather, they are general debates in which the authors make very limited use of neoclassical theory. It would be more appropriate to regard these debates as atheoretical, as they generally lack any explicit theoretical foundation but basically involve the interplay between economics and politics.

The main problem with the understanding of the economy in the five textbooks is that one is presented to an ideal-type market economy, which is supposed to work as a caricature of an economic textbook market while at the same time somewhat paradoxically signalling that this stylised picture has very little to do with the real world. Hence, it is unclear which kind of ‘economy’ politics is supposed to interact with. This ambiguity creates a tension which might contribute to explaining why the economic dimension is not subsumed to an actual political analysis in the textbooks. Questions regarding the political influence of economic ideas and economic policy as merely one policy among others are simply sidestepped.

Finally, we would also like to express the hope that in the future political scientists would consult economic theory outside mainstream economic textbooks; or at least re-read the mainstream textbooks with a more open mind. This could contribute to a development of the understanding and ‘politicisation’ of the economic dimension. An appropriate point of departure would be works by political scientists such as Frey and Serna (1995) and Hall (1993), works within political economy such as Stilwell (2006, a textbook), Watson (2005) or Gilpin (2001), or economic sociology handbooks (Smelser og Swedberg 2005).

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<sup>19</sup> There was only a general reference to this work, i.e. Keynes (1936).

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